

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6385

BILL NUMBER: HB 1444

NOTE PREPARED: Jan 1, 2009

BILL AMENDED:

SUBJECT: Tax Abatement for Confined Feeding Equipment.

FIRST AUTHOR: Rep. Knollman

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill establishes a property tax abatement for equipment at a confined feeding operation used for the anaerobic digestion of manure or the control of odors.

Effective Date: July 1, 2009.

Explanation of State Expenditures: *Department of Local Government Finance (DLGF).* Applicants must provide a statement of benefits on a form proscribed by the DLGF. The DLGF may need to revise its forms to incorporate the provisions of the bill. The DLGF should be able to cover any additional expenses given its existing level of resources.

Department of Environmental Management (IDEM). IDEM must determine whether equipment qualifies. If IDEM determines that the equipment qualifies, IDEM must certify the equipment and provide proof of the certification to the person. IDEM must prescribe the form and manner of the certification process. If IDEM receives an application for certification before April 15 of the assessment year, IDEM must determine whether the equipment qualifies and provide proof of the certification to the person before June 11 of the assessment year. If IDEM fails to provide written notice to the applicant of the department's determination before June 11, the equipment is considered certified. IDEM's current level of resources should be sufficient to implement these changes. For FY 2008, IDEM reverted over \$5.9 M in state General Fund revenues. Total reversions for all funds equaled \$14.4 M.

Explanation of State Revenues:

Explanation of Local Expenditures: Applicants must file a certified deduction schedule with the person's

personal property return with the township assessor or the county assessor. The assessing official must forward the documentation to the county auditor. The county auditor must apply the deduction.

An assessor who denies a deduction or alters the amount of the deduction must notify the applicant. The county auditor must notify the designating body and the county property tax assessment board of appeals of all deductions. The designating body may limit the dollar amount of the deduction that will be allowed. The above provisions will increase administrative expenses for local units by an indeterminable amount.

Explanation of Local Revenues: This bill would allow abatements for new confined feeding equipment used for either the anaerobic digestion of manure or odor control. This abatement would be available for up to five years and would apply to property taxes first due and payable after 2010.

If there is an increase in investment because of this proposal, the new property would, at some point, be placed on the tax rolls. This inclusion on the tax roles could help spread the property tax burden and could possibly reduce some tax rates. For confined feeding equipment, a deduction may not be allowed for more than five years.

State Agencies Affected: IDEM, DLGF.

Local Agencies Affected: All.

Information Sources:

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